



**2019 ANNUAL GENERAL MEETING
OF SHAREHOLDERS
PROQR THERAPEUTICS N.V.**

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**EXPLANATORY NOTES TO THE
AGENDA**

Explanatory notes to the agenda for the annual general meeting of shareholders of ProQR Therapeutics N.V. (the "**Company**") to be held on Tuesday, May 21, 2019, at 16:00 hours CET, at the offices of Allen & Overy LLP at Apollolaan 15, 1077 AB Amsterdam, the Netherlands (the "**AGM**").

Agenda item 2: Report of the Management Board for the financial year 2018 (discussion item)

The management board of the Company (the "**Management Board**") must prepare a report, which must give a true and fair view of the position on the balance sheet date of the Annual Accounts (as defined in the explanatory notes to agenda item 4 below), the developments during the financial year and the results of the Company and its group companies of which the financial information has been included in the Annual Accounts. The report of the Management Board for 2018 was included in the Annual Accounts and will be discussed at the AGM.

Agenda item 3: Disclosure of remuneration in the annual accounts for the financial year 2018 (discussion item)

Discussion of the statements made in the remuneration report as included in the Annual Accounts (as defined under the explanatory notes to agenda item 4 below), regarding the remuneration of the members of the Management Board and the supervisory board of the Company (the "**Supervisory Board**"), is a separate item on the agenda for the AGM. For purposes of such discussion, reference is made to the relevant paragraphs of the remuneration report included in the Annual Accounts (as defined under the explanatory notes to agenda item 4. below).

Agenda item 4: Adoption of the annual accounts for the financial year 2018 (voting item)

The Management Board must prepare annual accounts, consisting of a balance sheet and a profit and loss account with respect to the preceding financial year, as well as consolidated accounts and explanatory notes thereto. The Board has drawn up such annual accounts for the financial year 2018 (the "**Annual Accounts**"), which Annual Accounts were signed by all members of the Management Board and by all members of the Supervisory Board. The Annual Accounts also reflect the appropriation of the net result for the financial year 2018. A copy of the Annual Accounts is available at the website of the Company (www.proqr.com).

It is proposed to the General Meeting to adopt the Annual Accounts.

Agenda item 5: Release from liability of the members of the Management Board with respect to the performance of their management during the financial year 2018 (voting item)

It is proposed to the General Meeting to release the members of the Management Board from liability with respect to the performance of their duties during the financial year 2018 as appears from the Annual Accounts or otherwise disclosed prior to adoption of the Annual Accounts.

Agenda item 6: Release from liability of the members of the Supervisory Board with respect to the performance of their supervision during the financial year 2018 (voting item)

It is proposed to the General Meeting to release the members of the Supervisory Board from liability with respect to the performance of their supervision during the financial year 2018 as appears from the Annual Accounts or otherwise disclosed prior to adoption of the Annual Accounts.

Agenda item 7(i): Appointment of new Supervisory Board member Theresa Heggie (voting item)

It is proposed on the basis of the nomination by the Supervisory Board, within the meaning of article 20.4 of the articles of association of ProQR, to appoint Theresa Heggie, Senior Vice President, Head of Canada, Europe, Middle East and Africa (CEMEA) at Alnylam Pharmaceuticals, as member of the Supervisory Board, with effect from July 1, 2019 for a term of approximately 4 years until the close of the AGM 2023.

Theresa Heggie currently serves as Senior Vice President, Head of CEMEA at Alnylam Pharmaceuticals. She previously served in senior commercial and operating roles at Shire where she built the EMEA rare disease business and led the Global Commercial Operations and, following Shire's acquisition of Jerini, served as its Chief Executive Officer. Earlier in her career, Ms. Heggie held increasingly senior positions in the commercial organizations at Janssen Pharmaceuticals and Baxter Healthcare. Ms. Heggie has also been a board member at SOBI (Swedish Orphan Biovitrum) and currently serves on the board of BioCryst. She received a BSc from Cornell University. Ms. Heggie was born on November 17, 1960.

Ms. Heggie currently holds no shares or options to acquire shares in the Company.

In view of Ms. Heggie's experience as set out above, the Supervisory Board believes Ms. Heggie to be a very valuable addition to the Supervisory Board, and proposes to appoint Ms. Heggie as a member of the Supervisory Board.

Agenda item 7(ii): Appointment of new Supervisory Board member Bart Filius (voting item)

It is proposed on the basis of the nomination by the Supervisory Board, within the meaning of article 20.4 of the articles of association of ProQR, to appoint Bart Filius, Chief Operating Officer (COO) and Chief Financial Officer (CFO) at Galapagos NV, as member of the Supervisory Board, with effect from the date of this General Meeting for a term of 4 years until the close of the AGM 2023.

Bart Filius joined Galapagos in 2014 as CFO and added the role of COO in 2017. Prior to joining Galapagos, Mr. Filius held a variety of executive positions at Sanofi, where he was Vice President, CFO Europe, Country manager for The Netherlands and Vice President for Mergers & Acquisitions. Prior to joining Sanofi, Mr. Filius was a strategy consultant at Arthur D. Little. Mr. Filius has an MBA degree from INSEAD and a bachelor's degree in business from Nyenrode University. Mr. Filius was born on July 5, 1970.

Mr. Filius currently holds no shares or options to acquire shares in the Company.

In view of Mr. Filius' experience as set out above, the Supervisory Board believes Mr. Filius to be a very valuable addition to the Supervisory Board, and proposes to appoint Mr. Filius as a member of the Supervisory Board.

In view of the retirement from the Supervisory Board of Paul Baart, whose appointment term will expire per this coming AGM, it is the intention of the Supervisory Board to appoint Bart Filius as the chairman of the Board Audit Committee, which role is currently performed by Paul Baart. Mr. Baart will remain available as an advisor to the Board Audit Committee for the remainder of the calendar year 2019 so as to ensure a seamless transition.

Agenda item 8: Amendment compensation policy Management Board (voting item)

It is proposed to amend the Compensation Policy for the members of the Management Board, as adopted by the General Meeting held on June 21, 2016. In view of the significant developments of ProQR, in combination with the changing characteristics of the competitive environment and in line with the ProQR practice of regularly reviewing the Compensation Policy, the Compensation Committee has evaluated and reviewed the Compensation Policy and is proposing a new Compensation Policy. The Compensation Committee was assisted by independent external advisors in this process. By approving the amendments to the Compensation Policy, the AGM will also have approved or ratified (as the case may be) any type of compensations already approved by Supervisory Board or Compensation Committee, as disclosed in the Company's annual reports and falling within the boundaries set by the amended Compensation Policy. Based on the outcomes of the review, the Compensation Committee proposed to the Supervisory Board to make a few amendments to the Compensation Policy. Further to the proposal of the Compensation Committee, the Supervisory Board proposes the following changes to the Compensation Policy, and recommends the General Meeting to adopt these amendments. The proposed Compensation Policy is available on the website of ProQR (www.proqr.com)

The compensation packages of the members of the Management Board will continue to consist of four components: (i) annual base salary, (ii) a Short Term Incentive (STI), (iii) a Long Term Incentive (LTI), and (iv) pension.

The Compensation Policy aims at a total compensation level for the direct components (the sum of annual base salary, the STI and the LTI) that is in line with the median of the market compensation levels within the compensation reference group. However, based on a market comparison analysis of the current compensation levels of the CEO against the compensation reference group, the current compensation level for the CEO is significantly below the median of the market compensation levels. In light of the maturity level of ProQR's business and taking into account the funding of the compensation of the members of the Management Board, it was decided by the Supervisory Board not to make any increases to the cash related components of the compensation package of the CEO, i.e. the annual base salary as well as the STI will be maintained at the current level and will not be increased. However, to ensure the CEO is rewarded fairly in line with the principles of the Compensation Policy, it is proposed to set the maximum annual cash bonus of the CEO at 75% of the base salary and of other management board members at 35% of the base salary, and to provide the discretionary power to the Supervisory Board, upon recommendation of the Compensation Committee, to make grants of stock options as an LTI to the CEO up to a maximum value of 800% of base salary, based on a face value approach.

The actual cash bonus and amount of stock options to be granted as an LTI to the members of the Management Board will be determined annually by the Supervisory Board depending on the contribution to the strategy, the long term development of ProQR, the individual performance of the members of the Management Board and taking into account the aimed alignment of the compensation level with the median of the compensation reference group.

Agenda item 9: Amendment compensation principles Supervisory Board (voting item)

It is proposed to the General Meeting to amend the compensation principles for the Supervisory Board. As part of the compensation principles, the fee levels of the members of the Supervisory Board are reviewed on an annual basis. Based on the outcomes of this review and upon the recommendation of the Compensation Committee, the Supervisory Board proposes to make two amendments to the compensation principles and recommends the General Meeting to adopt these amendments. The proposed compensation principles are available on the website of ProQR (www.proqr.com).

The fee levels of the members of the Supervisory Board are referenced to the median market levels of Supervisory Board fee levels within companies comparable to ProQR. Further to the developments in the international Biotechnology and Pharma sector and in order to reflect the increased responsibilities of the Supervisory Board members and the related time spent, it is proposed to increase the cash fee for the Supervisory board to the following levels: USD 35,000 for general board members and USD 70,000 for the chairman, supplemented with USD 15,000 for the audit committee chair, USD 10,000 for the compensation committee chair, USD 8,000 for the nomination committee chair, USD 7,500 for an audit committee member, USD 5,000 for a compensation committee member, USD 4,000 for a nomination committee member. The value of stock options to be granted annually will be increased to USD 155,000 per member of the Supervisory Board. The alternative annual fixed fee in cash will be maintained at 50% of the underlying value of an option grant. In addition, it is proposed to the AGM that the revised Supervisory Board compensation principles will also allow for the opportunity for a board member to elect an equity compensation instead of the cash component, such decision to be made before each year-end for the following year, with the average stock price of the 20 day period preceding the AGM (in such following year) as strike price for that year.

Agenda item 10: Appointment Deloitte Accountants B.V. as the Company's external auditor for the financial year 2020 (voting item)

In the 2018 AGM, the General Meeting appointed Deloitte Accountants B.V. as the external independent auditor for the audit of the Annual Accounts for the financial year 2019. The Audit Committee has assessed the performance of Deloitte Accountants B.V. as external independent auditor for the Company in 2018 and continuation of the appointment of Deloitte Accountants B.V. was recommended.

It is proposed to appoint Deloitte Accountants B.V. as the external independent auditor for the audit of the Company's annual accounts for the financial year 2020.

Agenda item 11: Authorization of the Management Board to acquire ordinary shares in the capital of the Company (voting item)

Under Article 10 of the articles of association of the Company and Dutch law, the Company may, subject to certain statutory Dutch law provisions, acquire for consideration and hold, hold as pledgee and/or hold through its subsidiaries, up to fifty percent (50%) of the Company's issued share capital. Any acquisition of shares in the Company's own capital for consideration is subject to the authorization of the General Meeting, which authorization shall be valid for no more than eighteen (18) months.

The General Meeting has granted the abovementioned authorization in the 2018 AGM, which authorization was effective as of, and for a period of eighteen months from the date of the 2018 AGM.

It is now proposed to authorize the Management Board to perform acquisitions by the Company of (i) up to 10% of the issued share capital of the Company plus, in case of a material reorganization of the capital structure of the Company, (ii) an additional 10% of the issued share capital of the Company, by any means, including through derivative products, purchases on any stock exchange, through any private purchase or block trade, or otherwise, for a price that is between 0.01 US Dollar and an amount which is not higher than 110% of the average market price of such ordinary shares on NASDAQ (with the market price deemed to be the average of the closing price on each of the five consecutive days of trading preceding the three trading days prior to the date of acquisition), for a period of eighteen (18) months with effect from the AGM.

The words "issued share capital" means the Company's issued share capital from time to time. For the avoidance of doubt, the issued share capital includes treasury shares.

In case the AGM does not approve the proposed authorization, the authorization granted by the General Meeting in the 2018 AGM will remain in force.

The Management Board and the Supervisory Board
April 18, 2019